

## **An Important Update on GASB Reporting Issues for Accounting and Finance Staff and Actuaries of Agencies Participating in the CERBT**

In order to ensure that the CERBT fund remains compliant with all reporting requirements, the CalPERS staff regularly talks with the GASB staff (and our external auditors) about GASB reporting for the CERBT. Recently, we received new or additional GASB staff guidance about how the CERBT fund should report under GASB 43, and how our schedules should align with your GASB 45 disclosure requirements.

The CalPERS CERBT fund is an agent multiple employer plan, and will publish GASB 43 compliant Financial Statements, Notes, and Required Supplementary Information (RSI). Our recent discussion with GASB (and our external auditors) focused on issues such as the aggregation of financial results; how to handle reporting for employers with a fiscal year-end different from our own; the symmetry of our GASB 43 reporting with your GASB 45 reporting; the frequency of OPEB valuations; and how the initial assets transferred into the CERBT should be treated on the RSI schedules. The following list explains the results of guidance we have received from GASB staff and how it impacts agencies participating in the CERBT.

1. CalPERS will publish aggregated GASB 43 results for the Schedule of Funding Progress and Schedule of Employer Contributions. No GASB 43 reports for an individual agency will be published by CalPERS.

***Each agency participating in the CERBT will continue to prepare schedules of Funding Progress and Employer Contributions and publish them in their financial statements. CalPERS will provide audited statements about contributions made to the CERBT, asset balances, and investment returns to each individual participating agency.***

2. When the financial year-end of a particular agency does not coincide with the June 30 fiscal year-end date of CalPERS, some information for those agencies should be aligned with the CalPERS reporting date in our GASB 43 schedules.

***Agencies not on a 7/1-6/30 reporting year will be asked to provide ARC information for the two overlapping fiscal years. A pro-rated share of the contributions over two years will be reported. For example, an employer on a calendar year cycle would be required to provide CalPERS with the ARC information for two calendar years which overlap the fiscal year. In accordance with the GASB 43 Implementation Guide, CalPERS will report the ARC for its July 1-June 30 fiscal year by summing half of each calendar year ARC.***

3. CalPERS reported aggregated ARC payments should match the sum of all agencies GASB 45 ARC payments, and should include all payments made by the agencies directly to a health provider but not reimbursed from the CERBT.

***Agencies will be asked to provide CalPERS with the total ARC payments, including amounts sent into the CERBT as well as payments made directly to health providers, insurers, and retirees, and qualified OPEB administrative costs reported by the employer, which do not flow through the CERBT. This data will be collected from the agency after June 30 each year.***

4. GASB staff advised us that agencies participating in the CERBT ought to be on a biennial valuation cycle, because the CERBT is the “plan.” Under GASB standard, if a plan has a membership of 200 or more, then it should measure OPEB liabilities biennially. Therefore, all participating employers ought to obtain a valuation biennially.

***This information will affect only those agencies that expected to report on a triennial cycle. What this means is that agencies participating in the CERBT ought to re-measure their OPEB liabilities at least every two years.***

Unless an OPEB contribution is transferred from an existing irrevocable OPEB trust fund, the contribution should be treated as a contribution, not as an existing asset used to reduce unfunded accrued liability in the current year.

***Agencies that make a contribution of earmarked assets (not already in an OPEB trust) into the CERBT should report it as an annual contribution in the first year. The reason can be explained in the footnotes and MD&A.***

Your agency’s year end disclosures under GASB 45 may be different from what you indicated to us at the beginning of the year. Each June, we will ask you to provide us with an update of your annual GASB 45 disclosure, if it differs from what you told us at the beginning of the year. For example, there may be differences of total ARC payments (due to items paid or accrued that did not flow through the CERBT). Updates should be provided to us by August 1.

Every year, CalPERS will provide each participating agency an un-audited annual asset account statement. We will issue audit confirmation of the report by October 31<sup>st</sup>.

We are working hard to make the administration of the trust as simple and efficient as possible for all parties involved while complying with all GASB requirements. If we learn of any new requirements, we will provide timely information to you. We realize that because GASB 43 & 45 is new to all of us, a lot of questions will come up. We’re here to help in any way we can and look forward to working with you.